



Young People's
Learning Agency

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Chair of Governors

November 2010

Dear Colleague

Re: Schools Voluntarily Converting to Academies: Information about Payment Arrangements and Requirements for Financial Monitoring and Assurance

Funding provided by the Young People's Learning Agency (YPLA) to academies is based upon regular payments being made through out the academic year ending 31 August. This letter is to you to inform you of:

- When the YPLA will pay you and what you need to do to allow us to pay you on these dates.
- The YPLA's key requirements of academies for financial monitoring and assurance.
- Changes and relaxations to these requirements if your school converts to be an academy this year.
- A source of important additional guidance to academy governors and managers.

Payment Arrangements

In the month that your school converts you will receive two payments and then monthly for the remainder of this year. The YPLA's first payment to you will be on the day of your opening and then subsequently on the 18th of each month or the previous working day should the 18th fall on a weekend or bank holiday. For each payment you will normally receive an electronic remittance advice two working days beforehand, confirming how much grant you will receive.

In order for us to pay you on your day of opening the YPLA must have received your banking details directly from you before your day of opening. There is a finance details form on the Department for Education (DFE) website for academies to complete to ensure we can pay you. This form can be found at <http://www.education.gov.uk/schools/leadership/typesofschools/academies/b0061866/supporting-documents/finance-details-form>

If we receive your details 5 working days prior to your opening day we will pay you by BACS, the lowest cost way for us to pay you.

The YPLA will also need confirmation from the DFE that a funding agreement has been signed by the Secretary of State for Education. If your banking details are not available in time for payment on your day of opening then the YPLA will pay you by CHAPS on the next working day, once they are received. In this circumstance we will be unable to provide automated remittance.

We would be very glad of the contact details of your finance director or equivalent so we can talk direct to them about payments and other financial issues. Please send details to Clare Roberts (email: clare.roberts@ypla.gov.uk; telephone: 01325 392698).

Financial Monitoring and Assurance Requirements

The YPLA's responsibilities for funding academies include financial monitoring and assurance. Below I set out broadly what the financial monitoring and assurance arrangements are and in particular to draw your attention to the provisions of the Academies Financial Handbook (the Handbook).

If you do not already have a copy of the Handbook please contact Clare Roberts who will be happy to send the either web link or an electronic copy to you. Please note this version of the Handbook is currently being updated. Unless we let you know otherwise, the YPLA should be substituted for all references in the Handbook to the Department of Children, Schools & Families (DCSF).

The YPLA has four main responsibilities for academies' financial monitoring and assurance. These are to:

- Provide advice and guidance to support academies in their establishing financial systems and control mechanisms that safeguard academies' funds. Guidance on the financial systems and control mechanisms your academy is likely to need is set out in section 2 of the Handbook.
- Monitor academies' progress against their annual income and expenditure budgets. We monitor this progress to ensure academies remain in good financial health. To allow us to monitor, we require academies to send to the YPLA budget returns on certain dates during the academic year. The returns we require and dates for submission are set out in section 4 of the Handbook.
- Review the annual financial statements that each academy produces to ensure YPLA funds have been used for the purposes intended. Academies' annual financial statements must be audited by a registered auditor and submitted to the YPLA by 31 December each year. Guidance on the form and content of the financial statements and their audit is provided in section 5 of the Handbook.
- Obtain annual assurance that academies have collectively maintained adequate financial systems and internal controls for the whole of each academic year. We need this assurance so that the YPLA can complete its own annual financial statements. One of our key sources of this assurance is through our annual programme of financial management review (FMR) visits to academies that the YPLA conducts. The scope, purpose and conduct of these visits are set out at section 2 page 73 of the Handbook.

First Year Changes and Relaxation of Handbook Requirements

The provisions of the Handbook apply to all academies at all times. To help those schools converting in September 2010 and later to academy status under the terms of the Academies Act 2010 we have made the following changes and relaxations to financial monitoring requirements for these schools' first academic year operating as an academy. If you are such a converting school:

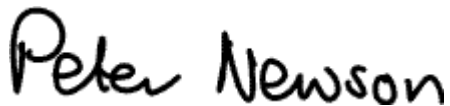
- The Handbook at page 131 normally requires academies opening in September to provide a final budget to the YPLA on form General Annual Grant (GAG) 2 no later than the preceding 30 June. Instead, we need you to send us a completed form GAG 2 within one month of your conversion date.
- The Handbook at page 55 normally requires the governing bodies of academies to appoint on opening a Responsible Officer (RO) to monitor and check the academy's financial management. Instead, we expect you to appoint an RO during your first term of operation. Alternatively, as set out at the Handbook at page 75, you may wish to consider putting in place an internal audit service for the academy rather than appointing an RO.
- Normally for academies opening the Handbook at page 73 notes that the YPLA's financial monitoring team will conduct a FMR visit in three stages. Instead, we will not carry out any FMR visits before you open and other than by exception we will not carry out any FMR visits during your first term. However, please do contact Clare Roberts if you think that you would benefit from a FMR visit or further advice in the meantime.

Additional Guidance

Academies' accounting officers and their finance directors or equivalent need to be aware of two guidance notes produced by the Charity Commission that complement the Handbook. These guidance notes are CC3: The Essential Trustee – What You Need to Know and CC8: Internal Financial Controls for Charities. We recommend that that each member of the academy's governing body should also be given copies of the notes. The notes can be downloaded from the Charity Commission's website at <http://www.charity-commission.gov.uk/publications/ccpubs2.asp>.

Please let us know whether we can provide any help or advice on these issues. In the first instance please contact Clare Roberts who will direct your query to the member of our team best able to help you.

Yours sincerely



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